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ANALYSIS BRANCH

FROM : Amembassy BEIRUT

DATE: NOV. 3, 1970

SUBJECT : Situation in Syria

REF :

A longtime Syrian friend, a resident in Damascus, gave us the following rundown on the current Ba'th Party crisis on October 30. He has good personal relations with a number of Ba'th party leaders including Atassi.

He confirmed that the crisis began when the party's left-wing directed the intervention into Jordan in late September. He identified the prime movers in the left-wing as Zuayyen, Makhous and Eid Esh Shawi - who are popularly associated with Salah Jadid. This leadership had hoped to retain control of the two tank battalions after the withdrawal from Jordan and had gone so far as to rent a variety of houses and apartments around Damascus with the idea of taking control of Damascus in Amman style. Assad's discovery of these plans was the final straw in bringing on the crisis. However, this had followed the Army's thwarting of the left-wing's plans to take over Saiga completely by bringing it under control of the Army a month or so earlier. Another point of contention was Assad's refusal to commit the Syrian Air Force, which he controls, to protect tanks during the Jordanian fiasco. (source put Syrian task losses at seventy).

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Authority NND 969049

By CM NARA Date 6-12-03

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-2

Beirut A-428

her points of difficulty in the background have been:

- a) The Army was irritated with Atassi for taking seriously his Chief of State role at the Tripoli and Cairo conferences and then attempting to take over actual governing power in Syria, forgetting thus he was supposed to be a figurehead who had been put into his position by the military. Atassi was openly modelling himself on Kim Il Song of North Korea;
- b) the conflict over relations with Iraq -- here Assad and the Army wanted to see a settlement of Syrian-Iraqi differences thus permitting the two countries to emerge as the dominant Arab power in succession to Nasser. However, the left-wing wanted to continue with the Egypt-Libya-Sudan bloc as true socialist states which had already established their socialist structures on a firm basis in contrast to Iraq which was still going from coup to coup; c) the underlying resentment of Army officers over the most recent rent reduction decree. Large numbers of them in recent years have accumulated enough capital to own some rental property in Damascus, where housing is scarce. This decree forced a 30% reduction in rents, on top of the 1965 reduction of 25% which together with income taxes has meant to these officers essentially a Government takeover of rented apartments. One incidental twist is that foreigners do not benefit from this 30% reduction; they must pay this direct to the State Treasury; d) the economic situation has become critical, especially the Syrian foreign exchange position. For example, the Central Bank was recently indebted to the amount of \$12 million to the Moscow Norodny Bank, and has finally managed to scrape up about \$5 million from the recent IPC royalty payment to reduce its overdraft. The Minister of Economy, Khaddam, has just cancelled public sector import licenses for spare parts etc. (Embassy Comment: We heard about ten days ago of Moscow Norodny's refusal to confirm Syrian Central Bank's letter of credit and have noted the IMF rescheduling in August of certain Syrian payments). Source noted that the Central Bank Governor Furia presented several plans for getting out of the mess to Atassi but the latter rejected them all on grounds that they did not follow "socialist principles".

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Authority NND 969049By CM NARA Date 6-12-03SECRET / LIMDIS

-3

Beirut A-428

The final breaking point came over a petty squabble involving Assad's father-in-law and Atassi's aide de camp; the consequence of which was that the aide was sent packing from the Assad property. Thereafter Atassi resigned as President and Prime Minister but retained his post as Secretary General of the Ba'th party.

The Party Conference now in session is trying to iron out these issues and to pick a new SARG president.

Source considered that possible successors to the Presidency are Muslih Salem, whom the source thinks will win, Mustafa Tlass, and Minister of Economy Khaddam with an outside chance. Tlass, although closely identified with Assad, has several strikes against him - a reputation for nightclubbing with bills paid by the Army General Staff, a domineering wife ruling his appointments calendar (she is from the once prominent Jabri family of Aleppo) as well as rumored scandals on import license preferences. The source regarded Khaddam as a reasonable individual who was still trying to eliminate Communists from his Ministry installed by his predecessor, Zuhair El Khani. One of his strengths is that Ali Zara, head of Syria G-2, is his son-in-law. Source ruled out Rabah Tawil for his financial scandals, womanizing, and rumors of having been filmed again and again while nightclubbing.

The role of Salah Jadid remains as mysterious as ever. He has disappeared from sight although he is rumored to be still in Damascus. While still popularly identified with the left-wing, source noted his Alawite connections with Assad and quoted Atassi himself as saying he did not know just where Jadid stood.

As for the Soviet role in the current crisis, source doubted that they were active. He noted Soviet pressures on Atassi for Syrian withdrawal from Jordan. The chief argument which the Soviets used was the risk of American intervention in the Middle East. Source said Atassi was rumored by party circles to have argued with Kosygin at Nasser's funeral that there was no difference between the Syrian action in Jordan and the Soviet action in Czechoslovakia which the Soviets had forced the Syrians to applaud. Party sources suspect Kosygin's answer was unprintable.

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Authority NWD 969049By CM NARA Date 6-12-03~~SECRET~~

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-4

Beirut A-428

Source noted that the Damascus press was still attacking the Army as agents of western imperialists and oil monopolies and warning about their fate being the same as that of General Hafez, Michel Aflaq and Saleh Bitar, all deposed in the February 1966 coup. Source feared one consequence of this attack would be to put off any constructive action toward reopening TAPLINE because the Army would want to avoid a charge of selling out. At the same time he noted that the Army is putting out reports in Damascus that it is neither rightist nor leftist but middle-of-the-road.

The Party Conference was still continuing to meet outside Damascus at Yafud (phonetic) near Qatona or at Mezze, a Damascus suburb. Source thought that the upshot would be the elimination of some of the left-wing members of the Zwayyen-Makhous group, most probably Erd Esh Shawi who had been forced out of his Ministry in 1969 to avoid facing a murder charge.

COMMENT: We have known source for many years. He has reported reliably in the past. Other sources have given us essentially the same account as this one.

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